

Message Text

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APPROVED BY E - MR. SORENSON

S/S - MR. ORTIZ

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C O N F I D E N T I A L STATE 047860

EXDIS FOR UNDER SECRETARY ROBINSON FROM CHUCK FRANK

E.O. 11652: GDS

AGS: CIEC, UNCTAD

SUBJECT: CONGRESSIONAL AND INTERAGENCY STRATEGY FOR

--- CIEC, UNCTAD IV AND THE INTERNATIONAL RESOURCE

--- BANK

1. AS DENNIS AND I INDICATED TO YOU BEFORE YOU LEFT, WE WOULD BE WORKING ON AN INTERAGENCY AND CONGRESSIONAL STRATEGY FOR YOUR PROPOSED INTERNATIONAL RESOURCE BANK AND ITS RELATIONSHIP TO CIEC AND UNCTAD IV. I THOUGHT IT WOULD BE USEFUL TO PROVIDE YOU WITH A REPORT ON OUR ACTIVITIES AND EFFORTS TO DATE.

2. AS YOU MAY HAVE SEEN FROM THE MEETINGS OF THE LAST CPCC MEETING (WE CABLED THEM TO YOU), AGAIN IT WAS SUGGESTED THAT RESOURCE FINANCING ISSUES, INCLUDING PROPOSALS FOR FINANCING BUFFER STOCKS AND ANY IDEAS FOR AN INTERNATIONAL RESOURCE BANK, SHOULD BE DISCUSSED IN THE INTERNATIONAL MONETARY GROUP. I CALLED GEORGE WILLIS WHO
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ORGANIZES THE MEETINGS OF THE INTERNATIONAL MONETARY GROUP

FOR UNDER SECRETARY YEO TO GET MORE INFORMATION ON HOW THE GROUP OPERATES. WILLIS TOLD ME IT IS AN INTERAGENCY GROUP THAT IS ADVISORY TO THE UNDER SECRETARY OF THE TREASURY FOR MONETARY AFFAIRS. THE STATE DEPARTMENT, THE COUNCIL OF ECONOMIC ADVISORS, THE FEDERAL RESERVE, AND OCCASIONALLY OTHER AGENCIES SUCH AS OMB, SEND REPRESENTATIVES TO

THE MEETINGS. REPRESENTATION FROM OTHER AGENCIES THAN TREASURY IS USUALLY AT THE ASSISTANT SECRETARY LEVEL OR BELOW. THIS SUGGESTS THAT THE INTERNATIONAL MONETARY GROUP IS NOT THE MOST APPROPRIATE FORUM IN WHICH YOU COULD NEGOTIATE WITH ED YEO ON THE INTERNATIONAL RESOURCE BANK. I TOLD GOERGE WILLIS ABOUT THE REFERENCES IN THE CPCC MEETINGS TO DISCUSSION OF COMMODITY FINANCE ISSUES IN THE IMG. WILLIS DID NOT KNOW WHAT YEO'S VIEWS WERE AS TO WHETHER AND WHEN THESE ISSUES SHOULD BE ADDRESSED IN THE IMG. I TOLD WILLIS THAT YOU HAD A PARTICULAR INTEREST IN RESOURCE FINANCING ISSUES AND IF ANY MEETINGS WERE TO BE CALLED OF THE IMG TO DISCUSS THEM WE WOULD APPRECIATE HAVING OUR OFFICE NOTIFIED AND WOULD BE GRATEFUL IF ED YEO WOULD GET IN TOUCH WITH YOU BEFORE ANY SUCH MEETINGS. SINCE TREASURY WILL BE OUR MAIN OPPOSITION TO AN IRB, I THINK IT IS CRITICAL FOR YOU TO MEET WITH YEO FAIRLY SOON AFTER YOU RETURN TO LAY OUT OUR IDEAS.

3. I HAVE BEEN IN TOUCH WITH RICHARD DARMAN, ASSISTANT SECRETARY AT COMMERCE, TO FOLLOW UP ON DISCUSSIONS WITH ELLIOT RICHARDSON.

4. I GATHER THAT FRANK ZARB WOULD LIKE TO GET TOGETHER WITH YOU TO DISCUSS THE INTERNATIONAL RESOURCE BANK IDEAS ALSO.

5. ON THE CONGRESSIONAL SIDE, I HAD LUNCH ON 2/26 WITH FRANK BALLANCE AND HAL ROSENTHAL OF THE STAFF OF SENATOR JACOB JAVITS. I EXPLAINED SOME OF YOUR IDEAS ABOUT THE INTERNATIONAL RESOURCE BANK TO THEM, AND THEY THOUGHT THAT JAVITS MIGHT BE QUITE ENTHUSIASTIC ABOUT THE IDEA. I ASKED THEM IF THEY HAD SOME SUGGESTIONS AS TO HOW WE MIGHT PURSUE A CONGRESSIONAL STRATEGY TO HELP US SELL THE

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IDEA OF AN INTERNATIONAL RESOURCE BANK AND SUPPORT OUR STRATEGY FOR UNCTAD IV AND CIEC. AFTER SOME DISCUSSION WE ARRIVED AT THE FOLLOWING IDEAS.

-- A. BALLANCE WOULD LIKE TO SET UP A BREAKFAST MEETING WITH YOU AND JAVITS, SENATOR HUMPHREY AND SENATOR CASE. HE FEELS THAT THESE ARE THE THREE KEY MEN ON THE SENATE FOREIGN RELATIONS COMMITTEE, WHICH WOULD HAVE

JURISDICTION OVER AN INTERNATIONAL FINANCIAL INSTITUTION SUCH AS AN INTERNATIONAL RESOURCE BANK. AT THIS BREAKFAST MEETING YOU MIGHT DISCUSS NOT ONLY CIEC, UNCTAD IV AND THE INTERNATIONAL RESOURCE BANK BUT TOUCH ON THE RATIONALE FOR THE FINANCIAL SUPPORT FUND.

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-- B. TO COVER YOURSELF WITH THE SENATE FINANCE COMMITTEE IT WOULD BE USEFUL TO HAVE A BRIEF SESSION WITH SENATOR LONG AND SENATOR RIBICOFF. ALTHOUGH SENATE FINANCE WOULD BE UNLIKELY TO HAVE JURISDICTION, THEY WOULD PROBABLY FIGHT HARD TO OBTAIN JURISDICTION AND THEY WOULD NOT BE HAPPY IF YOU DEALT ONLY WITH SENATE FOREIGN RELATIONS. I AM HAVING A DRINK WITH HAL MALMGREN TODAY (2/26) TO TRY TO SET UP SOMETHING WITH LONG AND RIBICOFF.

-- C. YOU PROBABLY ALSO WANT TO MAKE SOME CLOSE CONTACT WITH THE HOUSE WAYS AND MEANS COMMITTEE. FAILURE TO CONSULT THEM IN THE PAST HAS MADE CONGRESSIONAL RELATIONS DIFFICULT, FOR EXAMPLE, IN OUR PREPARATIONS FOR THE UN SEVENTH SPECIAL SESSION. THE THREE KEY PEOPLE HERE WOULD BE WILLIAM GREEN, AL ULLMAN (BOTH ON THE DEMOCRATIC SIDE), AND BARBER CONABLE, WHO WILL BECOME THE RANKING REPUBLICAN MEMBER OF THE HOUSE WAYS AND MEANS WHEN SCHNEBELE RETIRES AT THE END OF THIS YEAR. I WILL TALK TO HARRY LAMAR OF THE WAYS AND MEANS STAFF AND WALTER LESSIG OF BARBER CONABLE'S STAFF TO SEE IF THEY COULD SET SOMETHING UP.

-- D. IN ADDITION TO THESE CLOSE CONSULTATIONS WITH MEMBERS OF SENATE FOREIGN RELATIONS, SENATE FINANCE, AND HOUSE WAYS AND MEANS, IT WOULD PROBABLY BE USE-
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FUL TO HAVE ANOTHER MEETING OF THE UN CONGRESSIONAL ADVISORY GROUP, SUPPLEMENTED BY A FEW KEY PEOPLE WHO WERE NOT INCLUDED IN THE UN SEVENTH SPECIAL SESSION DISCUSSIONS. THIS HAS BEEN SUGGESTED BY BOTH GEORGE INGRAM IN A RECENT LUNCHEON WITH ROGER SORENSON AND BY FRANK BALLANCE IN THE LUNCHEON I HAD WITH HIM. THIS MEETING WOULD GIVE YOU BROAD, BUT LESS INTIMATE, CONTACT WITH KEY MEMBERS OF THE HOUSE INTERNATIONAL RELATIONS COMMITTEE AND OTHER MEMBERS OF BOTH THE HOUSE AND SENATE. FAILURE TO MEET WITH THIS GROUP BEFORE UNCTAD IV WOULD CAUSE US SERIOUS PROBLEMS, ESPECIALLY WITH THE HOUSE INTERNATIONAL RELATIONS COMMITTEE.

5. MOST OF YOUR CONGRESSIONAL CONSULTATIONS WILL PROBABLY HAVE TO TAKE PLACE DURING THE MONTH OF MARCH. DURING

APRIL THERE WILL BE THE LONG EASTER RECESS AND IN MAY UNCTAD IV WILL BE UPON US. FURTHERMORE, THE SECRETARY WILL BE MAKING A TRIP THROUGH AFRICA IN THE MIDDLE OF APRIL AND HE MAY WANT TO MAKE A SPEECH DURING THAT TRIP WHICH WOULD PRESAGE OUR PROPOSALS FOR UNCTAD IV AND CIEC BEYOND.

6. JOE GREENWALD RECENTLY HAD A MEETING TO DISCUSS A PAPER THAT HE WANTS TO DO FOR YOU LAYING OUT OUR STRATEGY FOR BOTH UNCTAD AND CIEC. THIS WILL BE AN IMPORTANT PAPER ON WHICH YOU SHOULD FOCUS SOON AFTER YOU GET BACK. THERE IS CONSIDERABLE PRESSURE IN EB TO MAKE SOME DECISIONS NOW AS TO WHAT FUTURE WE ENVISION FOR CIEC AND WHETHER AND WHEN WE SHOULD TRY TO GET CIEC IN THE BUSINESS OF DRAFTING RESOLUTIONS SO THAT CIEC HAS A RECORD OF CONCRETE RESULTS.

7. IN ORDER TO TRY TO COALESCE SOME IDEAS AND GALVANIZE SOME ACTION IN BOTH THE DEPARTMENT AND IN OTHER AGENCIES, I HAVE BEGUN WORKING ON A DRAFT SPEECH FOR THE SECRETARY THAT WOULD LAY OUT OUR BASIC NORTH-SOUTH STRATEGY FOR CIEC AND UNCTAD, INCLUDING OUR PROPOSALS FOR AN INTERNATIONAL RESOURCE BANK. I AM CONVINCED THAT WE WILL GET NO ACTION UNTIL WE HAVE AN ACTION-FORCING EVENT SUCH AS A SPEECH BY THE SECRETARY.

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8. THE SECRETARY WILL HAVE A NUMBER OF OPTIONS AS TO WHEN HE OUGHT TO GIVE SUCH A SPEECH. IT MIGHT BE MADE DURING HIS AFRICA TRIP IN APRIL, IT MIGHT BE MADE AT A TOKEN APPEARANCE IN NAIROBI AT UNCTAD IV, IT MIGHT BE MADE AT THE JUNE MINISTERIAL MEETING OF THE OECD WHICH IS NOW SCHEDULED FIRMLY FOR JUNE 9 AND 10. I FEEL STRONGLY THAT THE MOST PROPITIOUS TIME FOR HIM TO MAKE SUCH A SPEECH WOULD BE MAY 3 IN NAIROBI, BUT IN ANY EVENT I THINK HE HAS TO MAKE SUCH A SPEECH OR OUR MOMENTUM IN THE NORTH-SOUTH DIALOGUE WILL SUFFER VERY SERIOUSLY.

9. FINALLY, I BELIEVE THAT AT THE MARCH 11-12 XCSS MEETING, YOU SHOULD LAY OUT SOME OF YOUR IDEAS ON RESOURCE FINANCING AND ON CIEC AND UNCTAD IV STRATEGY SO WE CAN GET OTHER DEVELOPED COUNTRIES THINKING ALONG LINES COMPATIBLE WITH OURS.

10. IF YOU HAVE ANY PROBLEMS WITH THE VARIOUS APPROACHES ON WHICH I HAVE BEEN WORKING, COULD YOU PLEASE LET ME KNOW AS SOON AS POSSIBLE. KISSINGER

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